The South 40

More on production, profits

By JAMES A. SMITH
Extension Agent

At the recent Animal Industry Day the keynote speaker was H.H. Dickenson who discussed Optimizing Production to Maximize Profits. Last week I shared with you some of the excerpts from his presentation for your consideration. The following is a continuation of these excerpts.

"How does one go about optimizing his production to relate to his available resources and thus maximizing profits? There are a number of analysis you must make on your own. First, you must determine what your current production costs are. You must consider what you land resources really are in terms of what it can do cheaply. You must analyze your labor situation and what it costs and what its capabilities might be. And certainly you must take an objective look at the market in terms of what it will pay for a specific product.

"If you own or operate a livestock farm, you are a player in this game we call the market system. You rely on free pricing, the allocation of resources on the basis of supply and demand and the attitudes and voluntary choices of consumers. And while you don't give it constant thought, you are probably a professed believer in the basics of free enterprise. Why not? Most businessmen are.

"So, how does this free enterprise market system impact on you management decisions and your overall profitability? The recent Profit Conference in Denver set the breakeven sale price for beef producers at somewhere between 65 cents and 75 cents for every pound of calf marketed. But the NCA analysis showed that just a 10 percent reduction in input costs could reduce the breakeven price by nearly 25 cents per pound. The truth of the matter is that the market price structure has less effect than you might think on your profitability. As such, it should not act as the single most important barometer for your choice of cattle production. The kind and type of livestock you raise, so long as they are not extremes in any direction, has little influence on the prices received. Your choice of livestock production should be based on which kind or type best matches your available resources. The law of supply and demand will, in time, determine whether you top the market, stay in the middle or pull up the rear. But if your costs stay below income received, you will survive.

"Look at the feedlot industry; it's changed its concept of how to make a profit. Not all feeders shoot for the top market dollar. Some are feeding for the choice market--others are feeding for lower price specialty markets. The successful feeder does alright under both good and bad price markets. He does it by basing his program on cost of gain--not rate of gain or anticipated prices.

"It has been traditionally a well known practice to increase or maximize production of cattle by applying certain of these biological relationships. Cattle production has been typically maximized without careful consideration of cost-benefit ratios and how it relates to land, feed, and management. When the cost-benefit analysis is properly applied, it should not be surprising to find that some of these basic biological truths will not be applicable because the economic analysis will not permit them to be included in a sound management scheme.

"Let me see if I can give you an example of one use of these biological relationships we accept as a production truth. It's a well known fact that calves born early in the year have heavier weaning weights. As a result we have often advocated moving the calving and breeding season back as early as possible to get these early calves. But a management evaluation using the cost-benefit ratio was done on a Colorado ranch I'm familiar with a couple years ago. By changing the calving season to later rather than earlier, this cattleman was able to increase carrying capacity by 35 percent and reduce costs by 18 percent per cow, principally through a reduction in winter feed requirements. This simple management change, designed to match production to resources, vastly changed the cost benefit ratio even though it went against an accepted biological truth.

"Another of the production truths we have advocated and applied is the thinking that increased growth and size is directly related to increased profits. More growth and size has been a goal of the cattle industry for the past 15 years. We know how to select for it and we know it is highly heritable. What we don't know often enough is whether this extra size and growth is cost effective. What does it cost us in terms of more feed, reduced carrying capacity, and lower fertility. More importantly, are your available resources such that they can take advantage of this genetic growth? If yes, then your management decision should and will go in that direction. If no, you'd be rather foolish to try it just because your neighbor makes it work. Pounds per unit may look good on you auction market check but unless it costs less than that 65 cents to 75 cents breakeven price we talked about, then it's not very profitable. The question is what's optimum for your resources?

"Livestock production in the country of New Zealand may be the best example of matching production to resources that I know of. In that country, one man is slated to handle 4,000 sheep or the cow equivalent from a labor standpoint. Calves and lambs are to be born within a prescribed birth period to match forage production. Sheepmen count on 40 - 50 lb. lambs and many select against twinning. Dairymen consider 8,000 to 10,000 lbs. milk production as optimum. Bulls and rams are selected based on their serving capacity, a unique reproductive evaluation, rather than on their growth.

"By using high serving capacity bulls in a late calving season, they are able to achieve 90 percent calf crops in the first 21 days of the calving season. Through these methods, carrying capacity is increased; conception is much higher and total pounds per acre of resources is higher even though unit weights are less than we would expect here. In New Zealand, the management decisions are based on matching production to resources rather than on increasing unit weights.

"It is estimated that about 70 percent of the costs in livestock production is tied up in feed costs--grass, hay, or grain--and 3/4 of that is for maintenance only. It's also estimated that from a selection standpoint, reproductive traits are 5 times more important economically than growth traits and 10 times more important than carcass traits. If this is true, shouldn't we set feed resources and forage utilization as the priority item in management decisions and shouldn't our selection be based first on the reproductive traits? Shouldn't we stock our farms with the kind of livestock that makes optimum use of our resources rather than add costs to increase unit production?

"Let's take crossbreeding. The biological relationship here says that crossing different types results in production benefits. As a result, crossbreeding is today an accepted part of the livestock business. There is no argument there are benefits to be derived. I would see crossbreeding utilizing similar breeds rather than very different breeds. Similar mature weights, similar milk production potential, and similar feed requirements. Heterosis would still be there but the product would be the same type product our resources were designed to accomodate. The result would be better cost control, a more uniform product, and a more predictable product for our priority consumer, the feedlots.

"How does this impact on performance records programs? Up to now, the beef programs have advocated high indexes for growth. The emphasis on high growth ratios is evident in the sire summaries and the bull tests. It could be that for some resources, the 100 ratio might be more optimum than the high ratios. It might be that the 100 index is the target for some to shoot for rather than the 110 or 115 ratio. In this case, the 100 would be considered optimum rather than average. Optimum birth weights, optimum weaning weights, optimum milk production and of course, optimum utilization of feed resources. Sound backward and non progressive? Let's leave it as a consideration for some.

"I think it is time each of us began to improve and promote those traits and characteristics that are inherent in our breed rather than try to make all breeds the same. This would make it much easier for the commercial man to better utilize breeds in an effort to match genetic

(Continued on page 7)

THESE WATERMELONS LOOK LIKE WINNERS! Keith Dickerson, (left) and Brian Dickerson, (right), grew these on the farm of their father, Raymond Dickerson in Prince Edward County. The largest melon weighed 82 pounds, grown by Brian. Others weighed 60 and 70 pounds. Two of the largest will be entered in the Five-County Fair. Dickerson plans to sell the seed from the melons. The largest melon will be on display in Wilbun's Market produce section until Sept. 10. (Photo by Bill Sherrod)

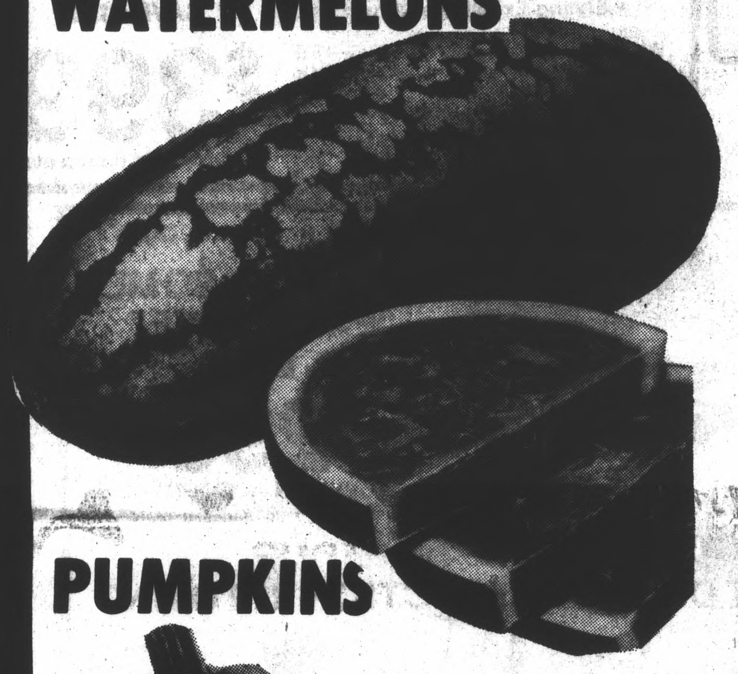
"Great Appomattox County

GARDENING TOURNAMENT"

$25^{00} PRIZE

IN FIVE CATEGORIES

WATERMELONS



CONTEST RULES

From now through Sept. 21, any unusually large potato, tomato, pumpkin, watermelon or cantaloupe may be entered in the Great Appomattox County Gardening Tournament.

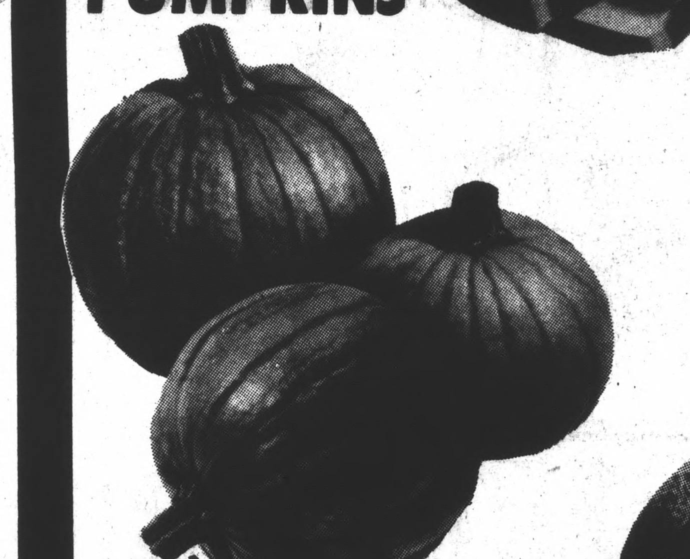
To enter, have your produce weighed at a local market with certified produce scales, and have your grocer give you a note certifying the weight of the fruit or vegetable. Only produce grown in Appomattox County is eligible for the tournament.

Have a picture made of yourself and the entry, or come by the Times-Virginian office and we'll make a picture for you.

The contest will close Friday, Sept. 21. Winners in the five categories will be announced in the Sept. 26 issue of the paper.

Winners in each of the five categories will receive a $25. prize.

PUMPKINS



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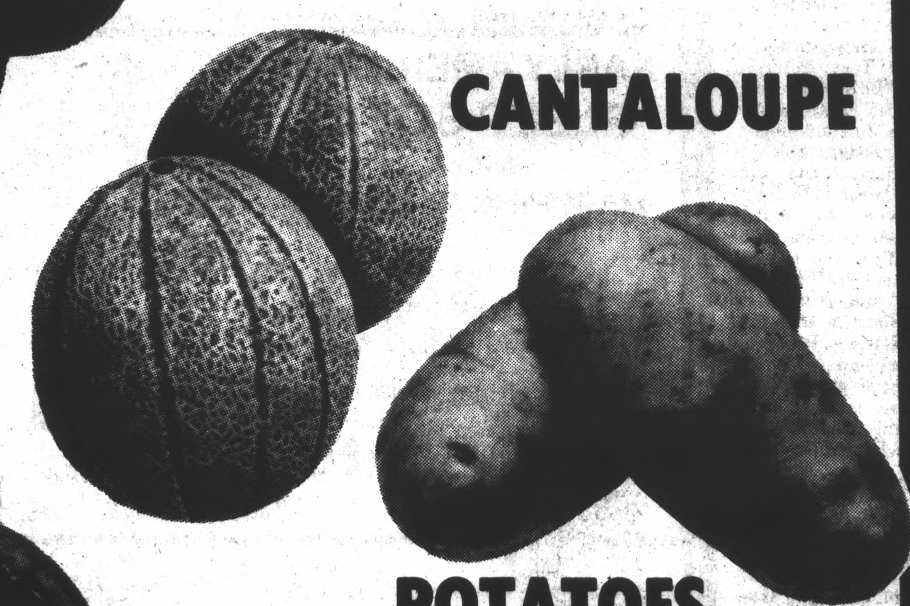

TOMATOES

POTATOES

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ASCS Today

Leaf producers must pick market

By TOM CONRAD

WAREHOUSE DESIGNATION OF FIRE-CURED TOBACCO - Fire tobacco producers are reminded that they are required to come to the ASCS office between Sept. 1 and Oct. 15 to designate the market or markets on which they wish to sell. If a producer fails to designate during this period he may still designate until Nov. 15, but he cannot commence selling until the third weed of sales. Those designating after Nov. 15 will not be alloted sales opportunity until after the Christmas break. Producers not designating will be permitted to sell only on the last week of sales.

We urge all producers to stop by the ASCS office before Oct. 15 and designate their warehouse. This will assure you of being able to sell some tobacco before Christmas.

If you have any questions, please contact the ASCS office.

FARMERS ADVISED TO MAINTAIN ACR LAND - Farm program participants are required to maintain their acreage conservation reserve (ACR) acres to qualify for full program benefits. The ACR is cropland removed from production and put into conserving uses under the 1984 acreage reduction programs.

Once farmers have established adequate protection to prevent soil and water erosion on these acres, they are required to use normal control measures for insects, weeds and rodents. If these measures are found inadequate, additional control measures are mandatory. It would be unfortunate at this point for a farmer to be found out of compliance for failure to maintain his or her ACR acres.

ASCS is checking farms to see that these acres are being properly maintained.

Keeping the land free from weeds is a very important program requirement, and farmers who fail to do so will be out of compliance and could lose program benefits. Provisions for maintenance and conservation management are part of the acreage reduction program contract.

The acreage reduction program contract also prohibits harvesting ACR land. Grazing is prohibited during the six principal growing months of April 1 through Sept. 30.

Farm program participants were encouraged to put their more erosive land in the ACR, and install a permanent conservation practice on these acres. Protective cover crops and conservation practices used on cropland removed from production by the 1983 farm programs reduced soil erosion by 20 percent and provided adequate protection on nearly 60 percent of land.

EUGENE MORRIS, District Conservationist for the SCS in Charlotte County describes soil erosion to Southside Vo-Ag instructors during recent Vo-Ag workshop.

Sauls attends workshop

Barry Sauls, Vocational Agriculture teacher from Appomattox County attended a technical workshop for controlling soil erosion on crop land.

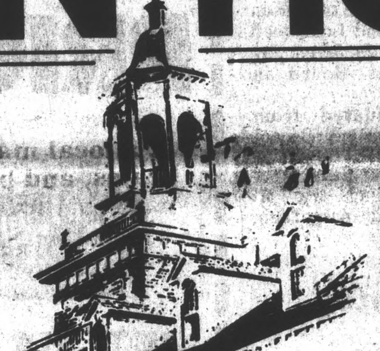
This workshop was held in Charlotte County during the first week in August. Twenty-one teachers from Southside Virginia attended and learned how to install parallel terraces, contour strips, and contour farming.

Teachers were also informed of the latest techniques in No-till farming. Bobby Whitescarver, one of the instructors for the workshop said, "These conservation practices can reduce soil erosion from 30 to 96 percent which can mean an average savings of up to $30.00 per acre."

The workshop was sponsored by U.S. Soil Conservation Service and the Southside Soil and Water Conservation District as part of an all out effort to reduce the soil erosion problem in Southside Virginia.

Southside Virginia loses an average of 18 tons per acre per year on cropland and was declared a national target area for reducing this erosion in 1982. The target area is called the Piedmond Bright Leaf Erosion Control Area and has received national recognition for gaining community support in solving this erosion problem.

SUNDAY—SEPTEMBER 9 1-4 p.m.
VIRGINIA BAPTIST HOSPITAL
OPEN HOUSE



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Necessary for everyone—including children—once a year. (More often if there is a family history of heart or blood pressure problems.)

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For people of all ages. Takes only a few minutes.

FREE DIABETES TEST
Takes only a few seconds to measure blood sugar count. Important for all adults and children.

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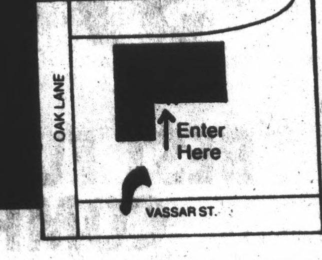
FREE CONTINUAL MAGIC SHOWS
By Lynchburg's nationally known magicians Kevin and Cindy Spencer



MORE GOOD NEWS FROM YOUR HOSPITAL

Happiness is 4-H

Youths prepare exhibits before five-county fair

By FRANK H. SWEET
Extension Agent

4-H exhibits for the Five County Fair will be picked up from the Appomattox Extension Office, Library at Appomattox Elementary School and Library at Appomattox Middle School. 4-H'ers may also send exhibits to the Fair with their parents or enter them on Monday afternoon.

The schedule for exhibits is as follows:

Monday, September 10 --all exhibits should be entered except for baked goods and flower exhibits. Exhibits may be entered from 9 a.m. until 8 p.m.

Wednesday, September 12 --Youth baked goods and flower exhibits should be made between 9 a.m. and noon.

We encourage each 4-H member to have at least one exhibit for this year's Fair.

Each community 4-H club is eligible to enter an educational booth or exhibit in the Fair. Details about the educational exhibits are found on page 77 in the catalog. Educational exhibits should provide an important message for viewers to learn.

Appomattox 4-H Clubs will be co-sponsoring a ten mile Bike-A-Thon for the American Cancer Society on Sunday afternoon, Oct. 21. Jeannice Bartelt, daughter of Mr. and Mrs. Richard Bartelt, will serve as honorary chairman of the Bike-A-Thon. The purpose of the Bike-A-Thon is to help raise funds for the American Cancer Society. Details and pledge sheets will be available for 4-H members during their September meetings.

Completed 4-H projects will be due in the Extension Office by the end of September. Each project turned in will be judged and 4-H'ers will receive ribbons for the completed projects. Members who do an outstanding job on project work will have the opportunity to win county 4-H medals and be recognized during the Annual 4-H Awards Banquet.

Volunteers are needed to help complete entry tags for Five County Fair exhibits on Monday morning, Sept. 10. Helpers may meet at the Extension Office or the Library at Appomattox Elementary School at 9 a.m. on Monday. Several volunteers may be asked to help enter exhibits at the Fair in Farmville. If you would be willing to help, please give us a call at the Extension Office.

The South 40

(Continued from page 6)

production to available resources.

"Resources are different for each operation. There is not a fixed recipe for successful animal production applicable to all operations. The uniqueness of one operation to another operation is identified by variables such as forage production, varying market alternatives, energy costs, different biological types of animals, feed nutrients at various costs, different levels of labor and many others. All these variables and interactions pose challenges to the producer who needs to combine them into a successful management system.

"Optimizing production does not mean that you ignore technology... does not mean that you eliminate all effort and capital to facilitate production. But it does mean that production goals should be adjusted to better match resources to be efficient and profitable.

"The NCA Profit Conference was summarized in these words. 'The wave of the future, no matter what the price market does, is better management that minimizes costs through understanding and adapting production technology to your available resources.'"

Market Report

Auction: Amherst Livestock Market
August 30, 1984

	M & L 1	S-1 & M&L-2
STEERS:		
[illegible] lbs.	[illegible]	[illegible]
500-700 lbs.	$56.00-$60.75	$51.00-$55.00
700-1000 lbs.	$52.75-$57.75	$48.00-$53.00
FEEDER BULLS:		
300-500 lbs.	$51.00-$54.50	$46.00-$49.00
500-700 lbs.	$48.00-$54.75	
700-1000 lbs.	$41.00-$46.00	
HEIFERS:		
300-500 lbs.	$46.00-$49.75	$42.00-$47.00
500-700 lbs.	$45.00-$48.75	$41.00-$45.00
700-800 lbs.	$45.00-$49.00	$42.00-$46.00

STOCK COWS: BEEF..........$325.00-$440.00
BABY CALVES..........$30.00

SLAUGHTER COWS:
UTILITY & COMMERCIAL 2-4..........$38.00-$42.75
CANNER & CUTTERS 1-3..........$31.00-$36.00
SLAUGHTER BULLS 1 & 2..........$44.00-$47.00
[illegible]
FEEDER LAMBS: Choice..........$61.25
HOGS:
US 1-3, 200-240 lbs..........$48.50
VEAL:
Choice & Prime..........$55.00-$63.00
Good..........$51.00-$56.00
SLAUGHTER CALVES:
Good & Choice..........$49.00-$55.00

State Graded Lamb Sale Sept. 6. Weigh in time 7:00 - 11:00. State Graded Feeder Cattle Sale, Sept. 18 - Weigh in time - 7:00 - 3:00 Sale - 7:00 p.m.

VA says POW claims have increased since October, 1981

A new Veterans Administration study shows that more than one-third of the nation's living former prisoners of war are now receiving VA disability compensation payments. The VA says claims have increased by more than 30 percent since the agency began intensive POW outreach in October 1981.

The study, presented to a recent meeting of the VA's Advisory Committee on Former Prisoners of War, summarizes the results of physical examinations conducted among some 12,000 POWs who sought disability ratings or increases since enactment of special POW legislation in 1981. The vast majority of the claims -- nearly 8,000 -- were filed by World War II veterans with European Theater service.

The Committee, formed in 1982, provides the VA Administrator with recommendations concerning the delivery of health care and other benefits to the nation's 88,000 living POWs. The 12-member committee is chaired by retired Air Force Lt. Gen. John P. Flynn, a prisoner of North Vietnam for 5 1/2 years. Membership includes physicians and other individuals who have personal knowledge of the POW experience.

Outreach activities by VA have been directed toward informing POWs of priority access to medical care and the claims review process. Among several steps taken to make information more readily available was the installation of a toll-free POW Hotline (800-821-8139). VA is also developing a computer system for analyzing POW claims and health data.

While the VA study reflected increased claims activity, it also showed that 63 percent of the POWs already assigned disability ratings did not request reviews. The VA continues to urge all POWs to participate in a special protocol examination designed to gather indepth information about these veterans and their current health.

Former POWs can schedule examinations by contacting any VA medical center, clinic or regional office.

Hospital plans open house

Virginia Baptist Hospital will host an open house from 1 - 4 p.m. Sunday, Sept 9.

The event marks the completion of the four-year renovation and construction program at the hospital. The project has provided the Carter Building, complete renovation of the Main and Krise Buildings, the new Vassar Street entrance and new main lobbies.

The public is invited to tour the hospital's newly constructed and renovated areas and to participate in family health screenings.

Free blood pressure, blood sugar, glaucoma and hearing tests will be offered. Refreshments will be available; there will be free balloons for the children and entertainment will be provided by nationally-known magicians Kevin and Cindy Spencer.

Rescue squad gets 73 calls

The Appomattox County Volunteer Rescue Squad responded to 73 calls during the month of August.

In doing so, squad members traveled 2,958 miles and expended 324 man hours.

The breakdown of calls is as follows: auto, 9; transport, 19; abdominal pain, 7; cardiac problem, 6; breathing difficulty, 13; maternity, 2; miscellaneous, 10; seizure, 3; stroke, 1; dead on arrival, 2; standby, 1.

SEP